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United States Attorney's Office  
District of Oregon

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**Arizona Man and Co-Defendants Facing Federal Charges for Roles in \$178 Million COVID-19 Fraud Conspiracy**

PORTLAND, Ore.—A federal superseding indictment was unsealed Monday in the District of Oregon charging an Arizona man and three associates for conspiring with one another and others to devise and carry out a scheme that attempted to defraud the U.S. Small Business Administration out of at least \$178 million in loans intended to help small businesses during the COVID-19 pandemic.

Eric Karnezis, 43, of Sedona, Arizona, is charged in the 23-count superseding indictment with conspiracy to commit wire fraud, wire fraud, and conspiracy to commit money laundering, along with co-defendants Lynisha Wells, 47, and Nikkia Bennett, 43, both of Chula Vista, California, and Fredrico Williams, 48, of San Diego.

According to the superseding indictment, from January 2021 and continuing until at least March 2022, Karnezis carried out a scheme whereby he conspired with recruiters, including Williams, to gather fraudulent business information from customers, including Wells and Bennett, and used the information to submit fraudulent Paycheck Protection Program (PPP) loan applications to the U.S. Small Business Administration (SBA). To facilitate the scheme, Karnezis and his co-conspirators created fictitious documents to support their fraudulent loan applications, including false payroll information and tax documents.

In total, Karnezis submitted or caused to be submitted at least 1,300 PPP applications, which together attempted to obtain at least \$178 million from SBA. Approximately \$105 million in loans were funded in response to these fraudulent applications.

On September 6, 2024, following his arrest in Sedona the day prior, Karnezis made his initial appearance in federal court in the District of Arizona and pleaded not guilty. In a detention hearing held today, Karnezis was released on conditions pending his arraignment in District of Oregon on September 24, 2024.

Bennett and Wells made their first appearances and were arraigned in the District of Oregon on August 23 and August 29, 2024, respectively. Both were released on conditions pending a three-day jury trial scheduled to begin on February 11, 2025. Williams will be arraigned in the District of Oregon on September 20, 2024.

Conspiracy to commit wire fraud, wire fraud, and conspiracy to commit money laundering are punishable by up to 20 years in federal prison, three years' supervised release, and fines of up to \$250,000 or twice the gross gains or losses resulting from the offense.

This case was investigated by the SBA Office of Inspector General (SBA-OIG), IRS Criminal Investigation (IRS:CI), the U.S. Treasury Inspector General for Tax Administration (TIGTA), and the Naval Criminal Investigative Service (NCIS). It is being prosecuted by Meredith Bateman and Robert Trisotto, Assistant U.S. Attorneys for the District of Oregon.

An indictment is only an accusation of a crime, and defendants are presumed innocent unless and until proven guilty.

Since January 2021, more than 50 people have been charged in the District of Oregon for their roles in fraud schemes targeting federal COVID-19 relief programs. Together, these defendants attempted to steal more than \$903 million in federal funds. 38 individuals have been convicted for their crimes and sentenced to a combined total of 631 months in federal prison and 1,194 months of probation and/or supervised release.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Justice Department's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

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